

ASH GROVE CEMENT COMPANY



8900 INDIAN CREEK PARKWAY, SUITE 600, P.O. BOX 25900
OVERLAND PARK, KANSAS 66225
PHONE 913 / 451-8900
DIRECT DIAL 913 / 319-6005
FAX 913 / 451-8324
E-MAIL: eileen.flink@ashgrove.com

EILEEN FLINK
ASSISTANT SECRETARY AND
ASSISTANT GENERAL COUNSEL

July 5, 2002

VIA FACSIMILE (801-359-3940) AND FIRST CLASS MAIL

D. Wayne Hedberg
Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: M/023/004, Juab County, Utah

Dear Mr. Hedberg:

Attached are the form of Reclamation Contract and Letter of Credit Ash Grove proposes to put into place to cover surety requirements pertaining to Permit M/023/004. Please contact me if there are corrections that need to be made to the format. Upon receipt of your approval, Ash Grove will put the Letter of Credit and Reclamation Contract in place.

Thank you for your assistance and guidance in this matter.

Sincerely,

Eileen Flink

Enclosures

RECEIVED

JUL 09 2002

**DIVISION OF
OIL, GAS AND MINING**



PORTLAND CEMENT ASSOCIATION

FORM MR-RC
Revised April 4, 2001
RECLAMATION CONTRACT

File Number _____

Effective Date _____

Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*Corrected &
received 7/22/02*

RECEIVED

JUL 09 2002

**DIVISION OF
OIL, GAS AND MINING**

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

Permit No. M/023/004
Limestone

"MINE LOCATION":
(Name of Mine)
(Description)

Leamington Plant and Quarry
100 miles south of Salt Lake City,
23.5 miles southwest of Nephi, 5 miles
northeast of Leamington, Juab and Millard Counties.

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

669 acres
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

Ash Grove Cement Company
8900 Indian Creek Parkway, Suite 600
Overland Park, KS 66210
P.O. Box 25900 (66225)
913-451-8900

(Phone)

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

CT Corporation System

50 West Broadway

8th Floor

Salt Lake City, Utah 84101-2006

"OPERATOR'S OFFICER(S)":

See Attachment C.

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

\$4,372,057

"ESCALATION YEAR":

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Ash Grove Cement Company the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. _____ which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated June 27, 2000*, and the original Reclamation Plan dated June 27, 2000*. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided

pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Ash Grove Cement Company
Operator Name

By John F. Woodfill, Vice President
Authorized Officer (Typed or Printed)

Authorized Officer - Position

Officer's Signature

Date

STATE OF Kansas)
) ss:
COUNTY OF Johnson)

On the ____ day of _____, 20 02, John F. Woodfill
personally appeared before me, who being by me duly sworn did say that he/she is the ____
Vice President of Ash Grove Cement Company and duly
acknowledged that said instrument was signed on behalf of said company by authority of
its bylaws or a resolution of its board of directors and said John F. Woodfill duly
acknowledged to me that said company executed the same.

Notary Public
Residing at _____

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the ____ day of _____, 20 __, _____
personally appeared before me, who being duly sworn did say that he/she, the said _____
_____ is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that
he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

Ash Grove Cement Company
Operator

Leamington Plant and Quarry
Mine Name

M/023/004
Permit Number

_____ County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed is:

The Leamington Cement Plant and the adjacent limestone quarry straddle Utah State Highway 132 in eastern Juab County, Utah. The Plant and the Quarry are located approximately 23.5 miles southwest of Nephi, Utah and 5 miles northeast of the town of Leamington, Utah. This location is approximately 100 miles south of Salt Lake City. The Facility is situated south of and adjacent to the Sevier River in part of Sections 32, Section 33 and 34 - Township 14 South - Range 3 West and parts of Sections 3, 4 and 5 - Township 15 South - Range 3 West in Juab and Millard Counties.

ATTACHMENT "C"

OFFICERS OF ASH GROVE CEMENT COMPANY

Honorary Chairman of the Board	James P. Sunderland
Chairman of the Board of Directors	Charles T. Sunderland
Vice Chairman of the Board & Secretary	Kenton W. Sunderland
Vice Chairman – Strategic Relationships	George M. Wells
President & Chief Operating Officer	Charles T. Wiedenhoft
Senior Vice President & General Counsel	John H. Ross III
Vice President – Finance	John F. Woodfill
Vice President – Human Resources	Joseph C. Burke
Vice President – Environmental Affairs	Francis L. Streitman
Vice President – Manufacturing, Midwest Division	Edwin S. Pierce
Vice President – Marketing, Midwest Division	Ronald V. DeLeenheer
Vice President – Manufacturing, Western Division	William H. Siemering
Vice President – Manufacturing Services, Western Division	Kenneth J. Rone, Jr.
Vice President – Sales, Western Division	David H. Baker
Asst. Secretary & Asst. General Counsel	Gary L. Church
Asst. Secretary & Asst. General Counsel	Eileen Flink
Assistant Treasurer, Midwest Division	Debra A. Mays
Assistant Treasurer, Midwest Division	Mark J. Meads
Assistant Secretary, Western Division	Elizabeth J. Reardon
Asst. Treasurer & Controller, Western Div.	Paul D. Livesay

Letter of Credit No. _____

Date: _____

UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Gentlemen and Ladies:

1. Bank of America _____ [Name of Bank or Surety] ("Surety"), of _____
_____[city/state], hereby establishes this irrevocable letter of credit (the "Letter of Credit") in
favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$4,372,057
_____[reclamation cost estimate] in United States dollars ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on _____ [expiration date] or (b) the date upon which sufficient documents are executed by the Division to release Ash Grove Cement Company ("Operator") from further liability for reclamation of the Leamington Plant and Quarry [mine], M/023 ___/004 [mine permit #] with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____ delivered to the office of the Surety, _____
_____[address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Surety _____ [address], referencing Letter of Credit No. _____.

Very truly yours,

The Surety/or Bank

By: _____
(Name typed or printed)

(Authorized Signature)

Title: _____

EXHIBIT A - SIGHT DRAFT
to
Letter of Credit Number _____

_____ Date	_____ City, County	_____ Letter of Credit No.

PAY TO THE ORDER OF: _____ Utah Division of Oil, Gas and Mining, _____
_____ DOLLARS

TO: (Name of Bank or Surety)
and
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

EXHIBIT B

to
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. _____ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the Leamington Plant and Quarry [mine], M/023/004 [mine permit #].

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date _____

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